
BRAINWORKS

BRAINWORKS LIMITED:

Incorporated in the Republic of Mauritius,
Registration number: 115883 C1/GBL, JSE Share code: BWZ, ISIN: MU0548500000

CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017



CORPORATE INFORMATION

NON-EXECUTIVE DIRECTORS

Simon F.W VILLAGE (Chairman)
Martin J. WOOD
George MANYERE
Walter T. KAMBWANJI
Richard G. MUIRIMI
George S.J. BENNETT
Audrey M. MOTHUPI
Richard N. CHARRINGTON

EXECUTIVE DIRECTORS

Brett I. CHILDS (Chief Executive Officer)
Peter SAUNGWEME (Chief Finance Officer)

LEGAL ADVISORS

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Evershed Sutherlands

Suite 310, 3rd Floor, Barkly Wharf,
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COMPANY SECRETARY

Imara Trust Company (Mauritius) Limited

Level 2 Alexander House, Silicone Avenue,
Ebène Cybercity,
Republic of Mauritius

REGISTERED OFFICE:

C/o Imara Trust Company (Mauritius) Limited

Level 2 Alexander House, Silicone Avenue,
Ebène Cybercity,
Republic of Mauritius
Registration number: 115883 C1/GBL
JSE Share code: BWZ
ISIN: MU0548S00000

INDEPENDENT AUDITORS:

PricewaterhouseCoopers

Business Registration Number: F07000530,
18 CyberCity, Ebène,
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PricewaterhouseCoopers Inc

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South Africa

SPONSOR:

Questco Corporate Advisory Proprietary Limited

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BANKERS:

AfrAsia Bank Limited

4th Floor, NeXTeracom Tower III,
Ebène,
Republic of Mauritius

COMMENTARY

INTRODUCTION

The directors hereby present the condensed unaudited interim financial statements of Brainworks Limited ("Brainworks" or "the Company") together with its subsidiaries and associates ("the Group") for the six months ended 30 June 2017. This is the first publication of the Group's results following the Company's listing on the Johannesburg Stock Exchange ("JSE") on the 13th of October 2017.

The macro economic environment in Zimbabwe continued to face a number of hurdles, as evidenced by low liquidity, subdued foreign direct investments and constrained foreign currency reserves. The continued strength of the United States of America dollar relative to the regional currencies resulted in subdued tourist arrivals particularly from South Africa, our key regional source market. Global tourism registered notable growth from traditional source markets, mainly Europe and Asia, with a notable recovery from the United States of America.

Notwithstanding the myriad of challenges, the Group's underlying businesses continues to reflect resilience and growth.

FINANCIAL RESULTS

The Group's revenue grew by 23% to close at US\$24.22 million relative to US\$19.67 million achieved during the 2016 comparable period. Revenue growth was recorded across all the Group's three main operating segments, with major growth being recorded by the hospitality segment. The hospitality segment contributed 87% of the total Group revenues for the period under review, 4% lower when compared to the comparable 2016 period on the back of revenue growth in the other business segments. Post elimination of intersegment revenues, the other business segments contributed US\$3.21 million to the current period total revenues.

The hospitality segment recorded revenue amounting to US\$21.01 million, 17% up from the US\$17.99 million recorded during the same period in 2016. In response to market development, the tactical downward review of the hotel room rates yielded the desired outcome as occupancy increased by 8% points from 37% reported last year to 45%. As a result, revenue per available room ("RevPAR") increased by 14% to US\$40 from US\$35 achieved last year. This had a notable impact on revenue growth.

Occupancy growth was supported by strong performance from all our markets, with local, international and regional rooms sold increasing by 21%, 33% and 2% respectively. In addition, the commissioning of the upgraded Victoria Falls International airport which now has capacity to handle wide body aircraft positively contributed towards improving occupancies and ultimately revenue from the Group's Victoria Falls based hotel assets.

At US\$19.98 million, the Group's operating expenses increased by 23% relative to US\$16.28 million recognised during the same period in 2016. The growth was mainly driven by non-recurring expenses of US\$0.52 million, US\$1.26 million listing costs and US\$1 million increase in operating expenses recorded by the hospitality segment whose variable costs increased in response to revenue increase. The operating expenses also include an impairment allowance of US\$0.92 million recognised on the Group's receivable from its associate investment, Coporeti Support Services (Private) Limited t/a GetCash.

Total net finance charges for the period remained flat at US\$1.91 million notwithstanding increase in total borrowings to US\$37.32 million as at 30 June 2017 relative to US\$27.33 million as at 30 June 2016, reflecting the decrease in the effective borrowing cost for the Group.

The Group posted losses before tax of US\$4.87 million, which was substantially higher when compared to the US\$2.20 million recorded in same period last year. This was mainly due to:

- a) Once off expenses amounting to US\$1.78 million referred to above;
- b) Fair value losses of US\$0.62 million recognised on the Group's listed equity investments; and
- c) Impairment allowance of US\$0.92 million on a receivable as earlier reported.

Historically, the Group incurs losses in the first half of the year as the business cycle is such that the peak season of the Group's principal business activity is in the second half of the year. Accordingly, as in previous years, the Group expects the improvement in performance seen in the first half of the year to accelerate in the second half of the year.

OUTLOOK

The second half of the year traditionally represents the Group's peak business season for its hospitality segment. This is expected to drive performance, particularly at our Victoria Falls based hotels where foreign arrivals have been on an increase following the commissioning of the upgraded Victoria Falls International Airport.

The real estate segment is expected to complete its maiden residential development project which will result in 58 residential units being on the market. Sales thereof are expected to contribute to Group revenue growth for the year.

LISTING UPDATE

As reported in the Group's financial statements for the year ended 31 December 2016, Brainworks was working towards attaining a listing on the Johannesburg Stock Exchange ("the JSE"). The directors are pleased to report that the Company was duly listed and commenced trading on the JSE on Friday, 13 October 2017 under JSE share code "BWZ" and the allocated ISIN is MU0548S00000.

The directors are now working towards a secondary listing of the Company on the Zimbabwe Stock Exchange and this is expected to have been completed by 31 December 2018.

For and on behalf of the Board



Brett I. Childs
Chief Executive Officer



Peter Saungweme
Chief Finance Officer

CONDENSED UNAUDITED GROUP STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

All figures in US\$	Notes	Unaudited 30 June 2017	Unaudited 30 June 2016	Audited 31 December 2016
ASSETS				
Property and equipment		88 599 884	90 036 116	89 469 927
Investment property		23 982 605	22 820 541	24 176 235
Biological assets		165 137	165 137	165 137
Goodwill		8 261 050	8 261 050	8 261 050
Other intangible assets		219 195	-	285 486
Investments in associates		3 741 419	2 909 209	3 276 024
Deferred tax asset		813 984	1 652 950	813 984
Trade and other receivables		221 703	172 271	382 524
		126 004 977	126 017 274	126 830 367
Current assets				
Financial assets held at fair value through profit or loss		4 569 843	4 402 076	4 892 962
Inventory		5 597 521	2 843 057	4 793 764
Trade and other receivables		13 465 332	9 547 580	15 355 922
Cash and cash equivalents		4 600 243	5 442 372	5 593 010
		28 232 939	22 235 085	30 635 658
Total assets		154 237 916	148 252 359	157 466 025
EQUITY AND LIABILITIES				
Equity				
Stated capital	6.6	55 785 508	-	-
Share capital and premium	6.6	-	58 535 508	58 535 508
Other reserves		(928 090)	(505 937)	(934 816)
Retained earnings		2 415 332	5 087 435	7 705 220
		57 272 750	63 117 006	65 305 912
Non controlling interests		31 177 055	28 999 735	31 085 243
Total equity		88 449 805	92 116 741	96 391 155
Non current liabilities				
Borrowings		12 291 921	15 141 233	15 629 899
Deferred tax liabilities		7 748 215	6 618 468	7 687 568
Trade payables		1 430 148	860 744	1 730 148
		21 470 284	22 620 445	25 047 615
Current liabilities				
Borrowings		25 027 059	12 183 835	19 349 309
Trade and other payables		17 817 315	17 423 595	13 351 194
Insurance liabilities		1 004 550	330 589	755 708
Provisions		-	2 733 593	1 499 126
Income tax		468 903	843 561	1 071 918
		44 317 827	33 515 173	36 027 255
Total liabilities		65 788 111	56 135 618	61 074 870
Total equity and liabilities		154 237 916	148 252 359	157 466 025

UNAUDITED CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2017

All figures in US\$	Notes	UNAUDITED 6 months ended 30 June 2017	UNAUDITED 6 months ended 30 June 2016	AUDITED Year ended 31 December 2016
Revenue		24 216 040	19 670 199	48 063 843
Cost of sales and other direct costs		(7 762 518)	(6 277 531)	(14 307 988)
Gross profit		16 453 522	13 392 668	33 755 855
Share profit/(loss) of associates		574 383	378 347	(65 853)
(Loss)/gain from financial assets at fair value through profit or loss		(612 619)	902 076	1 276 215
Other income		607 721	1 320 742	3 986 505
		569 485	2 601 165	5 196 867
Total income		17 023 007	15 993 833	38 952 722
Operating expenses		(19 978 559)	(16 277 969)	(31 161 524)
Operating (loss)/profit before net interest expense		(2 955 552)	(284 136)	7 791 198
Net interest expense		(1 911 834)	(1 915 681)	(3 419 056)
Interest income		42 597	157 488	278 109
Interest expense		(1 954 431)	(2 073 169)	(3 697 165)
(Loss)/profit before tax		(4 867 386)	(2 199 817)	4 372 142
Income tax expense/(credit)		(335 627)	772 530	(813 642)
(Loss)/profit from continuing operations		(5 203 013)	(1 427 287)	3 558 500
Loss from discontinued operations		-	(160 986)	(129 325)
(Loss)/profit for the period		(5 203 013)	(1 588 273)	3 429 175
Other comprehensive income				
Foreign currency translation gains/(losses)		11 663	131 960	(611 074)
Total comprehensive (loss)/income for the period		(5 191 350)	(1 456 313)	2 818 101
(Loss)/profit attributable to:				
Owners of the parent		(5 289 888)	(1 560 510)	1 057 275
Non-controlling interests		86 875	(27 763)	2 371 900
		(5 203 013)	(1 588 273)	3 429 175
Total comprehensive (loss)/income attributable to:				
Owners of the parent		(5 283 162)	(1 484 343)	704 563
Non-controlling interests		91 812	28 030	2 113 538
		(5 191 350)	(1 456 313)	2 818 101
Earnings/(loss) per share (cents)				
Basic	6.1	(6.99)	(0.20)	0.13
Diluted	6.2	(6.99)	(0.20)	0.13
Headline	6.3	(7.01)	(0.25)	(0.11)

**CONDENSED UNAUDITED GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

All figures in US\$	Note	ATTRIBUTABLE TO OWNERS OF BRAINWORKS LIMITED				Total	Non-controlling interests	Total
		Stated Capital	Share capital and premium	Other reserves	Retained profits			
SIX MONTHS ENDED 30 JUNE 2017								
Balance as at 1 January 2017		- 58 535 508	(934 816)	7 705 220	65 305 912	31 085 243	96 391 155	
Total comprehensive income:								
(Loss)/profit for the period		-	-	- (5 289 888)	(5 289 888)	86 875	(5 203 013)	
Other comprehensive income for the year		-	- 6 726	-	6 726	4 937	11 663	
Total comprehensive income for the period		-	- 6 726	(5 289 888)	(5 283 162)	91 812	(5 191 350)	
Transactions with owners in their capacity as owners:								
Conversion of shares to shares of no par value	6.6	58 535 508 (58 535 508)	-	-	-	-	-	
Recognition of treasury shares	6.6	(2 750 000)	-	-	(2 750 000)	-	(2 750 000)	
		55 785 508	-	-	(2 750 000)	-	(2 750 000)	
Balance as at 30 June 2017		55 785 508	- (928 090)	2 415 332	57 272 750	31 177 055	88 449 805	
SIX MONTHS ENDED 30 JUNE 2016								
Balance as at 1 January 2016		- 58 535 508	(582 104)	6 647 945	64 601 349	28 971 705	93 573 054	
Total comprehensive income:								
Loss for the period		-	-	- (1 560 510)	(1 560 510)	(27 763)	(1 588 273)	
Other comprehensive income		-	- 76 167	-	76 167	55 793	131 960	
Total comprehensive income for the period		-	- 76 167	(1 560 510)	(1 484 343)	28 030	(1 456 313)	
Transactions with owners in their capacity as owners:								
		-	-	-	-	-	-	
Balance as at 30 June 2016		- 58 535 508	(505 937)	5 087 435	63 117 006	28 999 735	92 116 741	
YEAR ENDED 31 DECEMBER 2016								
Balance as at 1 January 2016		- 58 535 508	(582 104)	6 647 945	64 601 349	28 971 705	93 573 054	
Total comprehensive income:								
Profit for the year		-	-	- 1 057 275	1 057 275	2 371 900	3 429 175	
Other comprehensive income		-	- (352 712)	-	(352 712)	(258 362)	(611 074)	
Total comprehensive income for the period		-	- (352 712)	1 057 275	704 563	2 113 538	2 818 101	
Transactions with owners in their capacity as owners:								
Balance as at 31 December 2016		- 58 535 508	(934 816)	7 705 220	65 305 912	31 085 243	96 391 155	

CONDENSED UNAUDITED GROUP STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 30 JUNE 2017

All figures in US\$	UNAUDITED 6 months ended 30 June 2017	UNAUDITED 6 months ended 30 June 2016	AUDITED Year ended 31 December 2016
Operating cashflows before working capital changes	(884 565)	802 063	4 777 950
Working capital changes			
Increase in inventory	(803 757)	(298 797)	(2 255 147)
Increase/(decrease) in trade and other payables	4 042 798	(1 285 396)	(3 782 320)
Decrease/(increase) in trade and other receivables	312 994	622 223	(4 112 505)
Cash (utilised in)/generated from operations	2 667 470	(159 907)	(5 372 022)
Interest received	42 597	161 776	278 109
Interest paid	(1 627 764)	(1 552 513)	(3 697 165)
Dividends received	108 988	155 648	233 985
Income tax paid	(298 267)	(432 357)	(835 648)
Net cash generated from/(used in) operating activities	893 024	(1 827 353)	(9 392 741)
Cash flows from investing activities			
Acquisition of investments	(289 500)	(100)	(1 045 000)
Proceeds from disposal of investments	-	-	45 468
Purchase of property and equipment	(1 712 043)	(3 305 357)	(3 070 558)
Purchases and improvements to investment property	(6 370)	-	(807 449)
Proceeds from disposal of property and equipment	413 334	729 580	803 744
Net cash utilised in investing activities	(1 594 579)	(2 575 877)	(4 073 795)
Cash flows from financing activities			
Deposit released from debt service reserve account	-	-	104 602
Proceeds from borrowings	6 279 405	8 705 974	25 738 629
Repayment of borrowings	(6 581 219)	(4 320 743)	(12 250 796)
Net cash (used in)/generated from financing activities	(301 814)	4 385 231	13 592 435
Net (decrease)/increase in cash and cash equivalents	(1 003 369)	(17 999)	125 899
Exchange gains on cash and cash equivalents	10 602	5 457	12 197
Cash and cash equivalents at beginning of the period	5 593 010	5 454 914	5 454 914
Cash and cash equivalents at end of the period	4 600 243	5 442 372	5 593 010

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

1 GENERAL INFORMATION

Brainworks and its subsidiaries and associates has a diversified portfolio of business interests in hospitality, real estate, financial services, and energy logistics sectors in Zimbabwe.

Brainworks was incorporated in the Republic of Mauritius on 22 April 2013. The Company is domiciled in the Republic of Mauritius and has its registered office at c/o Imara Trust Company (Mauritius) Limited, Level 2 Silicone Avenue, Alexander House, 35 Ebène, Cybercity, Republic of Mauritius. The Company was listed on the Johannesburg Stock Exchange ("JSE") on 13 October 2017.

The Company is the holder of a Category 1 Global Licence under the Mauritius Companies Act 2001 and the Financial Services Act 2007.

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group ("the condensed interim financial statements") for the six months ended 30 June 2017 have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRSs"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Committee. The condensed interim financial statements were presented in accordance with the Listings Requirements of the Johannesburg Stock Exchange and IAS 34 "Interim Financial Reporting".

These condensed interim financial statements have not been audited or reviewed by the Company's auditors.

These condensed interim financial statements were prepared under the supervision of the Finance Director, Peter Saungweme, CA(Z) and were approved for publication by the Board of Directors on 19 October 2017.

This announcement does not include the financial information required pursuant to paragraph 16A(j) of IAS 34. The full interim report is available on the issuer's website, at the issuer's registered office and upon request.

3 ACCOUNTING POLICIES

The accounting policies adopted are prepared in accordance with IFRS and are consistent with those adopted in the preparation of the financial statements for all the prior periods presented. Taxes on income in the interim period are measured using the tax rate that is expected to be applicable to the full year profit or loss.

There are no new IFRSs or International Financial Reporting Interpretations ("IFRICs") that are effective for the first time in this interim period that would be expected to have a material effect on the Group's financial statements.

4 ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the consolidated interim financial statements for the period ended 30 June 2016 and the year ended 31 December 2016.

5 SEGMENT REPORT

All figures in US\$	UNAUDITED						Group
	Hospitality	Real estate	Financial services	Corporate and eliminations	Continuing operations	Discontinued operations	
Six months ended 30 June 2017							
Revenue	21 012 102	2 211 411	795 068	197 459	24 216 040	-	24 216 040
Cost of sales and other related costs	(6 700 874)	-	(393 473)	(668 171)	(7 762 518)	-	(7 762 518)
Gross profit	14 311 228	2 211 411	401 595	(470 712)	16 453 522	-	16 453 522
Operating expenses	(14 363 132)	(1 653 698)	(539 641)	(3 422 088)	(19 978 559)	-	(19 978 559)
Share of loss of associates	-	-	-	574 383	574 383	-	574 383
Operating profit/(loss)	507 171	585 211	222 528	(4 270 462)	(2 955 552)	-	(2 955 552)
Net interest (expense)/income	(470 622)	(141 631)	73 574	(1 373 155)	(1 911 834)	-	(1 911 834)
Profit/(loss) before tax	36 550	443 580	296 102	(5 643 618)	(4 867 386)	-	(4 867 386)
Property and equipment	20 886 916	886 968	200 058	66 625 942	88 599 884	-	88 599 884
Investment property	-	86 269 407	375 000	(62 661 802)	23 982 605	-	23 982 605
Goodwill	-	-	-	8 261 050	8 261 050	-	8 261 050
Other assets	11 645 930	8 210 148	4 796 712	8 741 587	33 394 377	-	33 394 377
Borrowings	7 310 657	4 264 518	-	25 743 804	37 318 979	-	37 318 979
Other liabilities	18 359 486	6 546 498	1 428 694	2 134 454	28 469 132	-	28 469 132

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)

5 SEGMENT REPORT (CONTINUED)

All figures in US\$	UNAUDITED						Group
	Hospitality	Real estate	Financial services	Corporate and eliminations	Continuing operations	Discontinued operations	
Six months ended 30 June 2016							
Revenue	17 987 889	1 854 846	421 087	(593 623)	19 670 199	-	19 670 199
Cost of sales and other related costs	(5 932 066)	-	(205 453)	(140 012)	(6 277 531)	-	(6 277 531)
Gross profit	12 055 823	1 854 846	215 634	(733 635)	13 392 668	-	13 392 668
Operating expenses	(13 550 852)	(1 241 204)	(500 252)	(985 661)	(16 277 969)	(160 986)	(16 438 955)
Share of profit of associates	-	-	-	378 347	378 347	-	378 347
Operating (loss)/profit	(494 873)	705 153	(201 590)	(292 826)	(284 136)	(160 986)	(445 122)
Net interest expense	(741 401)	-	-	(1 174 280)	(1 915 681)	-	(1 915 681)
Profit/(loss) before tax	(1 236 273)	705 153	(201 590)	(1 467 107)	(2 199 817)	(160 986)	(2 360 803)
Property and equipment	21 758 846	-	225 003	68 052 267	90 036 116	-	90 036 116
Investment property	-	86 897 183	-	(64 076 642)	22 820 541	-	22 820 541
Goodwill	-	-	-	8 261 050	8 261 050	-	8 261 050
Other assets	10 076 347	3 924 931	1 986 716	11 146 658	27 134 652	-	27 134 652
Borrowings	8 075 666	157 870	-	19 091 532	27 325 068	-	27 325 068
Other liabilities	21 720 646	6 681 398	422 335	(13 829)	28 810 550	-	28 810 550

All figures in US\$	AUDITED						Group
	Hospitality	Real estate	Financial services	Corporate and eliminations	Continuing operations	Discontinued operations	
Year ended 31 December 2016							
Revenue	43 646 340	4 348 774	1 072 105	(1 003 376)	48 063 843	45 415	48 109 258
Cost of sales and other related costs	(13 014 777)	-	(748 907)	(544 304)	(14 307 988)	(21 169)	(14 329 157)
Gross profit	30 631 563	4 348 774	323 198	(1 547 680)	33 755 855	24 246	33 780 101
Operating expenses	(16 001 963)	(2 488 541)	(1 143 028)	(11 527 992)	(31 161 524)	(54 184)	(31 215 708)
Share of loss of associates	-	-	-	(65 853)	(65 853)	-	(65 853)
Operating profit/(loss)	5 588 619	1 728 038	(853 053)	1 327 594	7 791 198	(129 325)	7 661 873
Net interest (expense)/income	(753 174)	(53 871)	156 344	(2 768 355)	(3 419 056)	-	(3 419 056)
Profit/(loss) before tax	4 835 445	1 674 167	(696 709)	(1 440 761)	4 372 142	(129 325)	4 242 817
Property and equipment	21 270 729	973 145	235 406	66 990 647	89 469 927	-	89 469 927
Investment property	-	86 263 037	-	(62 086 802)	24 176 235	-	24 176 235
Goodwill	-	-	-	8 261 050	8 261 050	-	8 261 050
Other assets	12 346 085	7 777 276	4 711 315	10 724 137	35 558 813	-	35 558 813
Borrowings	8 269 540	4 258 748	-	22 450 920	34 979 208	-	34 979 208
Other liabilities	18 687 477	6 217 048	1 364 351	(173 214)	26 095 662	-	26 095 662

6 EARNINGS PER SHARE

All figures in US\$	UNAUDITED	UNAUDITED	AUDITED
	6 months ended 30 June 2017	6 months ended 30 June 2016	Year ended 31 December 2016
6.1 Basic earnings/(loss) per share			
From continuing operations (cents)	(6.99)	(0.19)	0.14
From discontinued operations (cents)	-	(0.01)	(0.01)
	(6.99)	(0.20)	0.13

**NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)**
6 EARNINGS PER SHARE (CONTINUED)

All figures in US\$	UNAUDITED 6 months ended 30 June 2017	UNAUDITED 6 months ended 30 June 2016	AUDITED Year ended 31 December 2016
6.2 Diluted earnings/(loss) per share (cents)			
From continuing operations (cents)	(6.99)	(0.19)	0.14
From discontinued operations (cents)	-	(0.01)	(0.01)
	(6.99)	(0.20)	0.13
6.3 Headline earnings/(loss) per share			
From continuing operations (cents)	(7.01)	(0.24)	(0.10)
From discontinued operations (cents)	-	(0.01)	(0.01)
	(7.01)	(0.25)	(0.11)
6.4 Diluted headline earnings/(loss) per share			
From continuing operations (cents)	(7.01)	(0.24)	(0.10)
From discontinued operations (cents)	-	(0.01)	(0.01)
	(7.01)	(0.25)	(0.11)
6.5 Reconciliation of earnings used in calculating earnings per share			
Earnings attributable to owners of parent arising from:			
Continuing operations	(5 289 888)	(1 492 365)	1 131 921
Discontinued operations	-	(68 145)	(74 646)
Total (loss)/earnings attributable to owners of parent	(5 289 888)	(1 560 510)	1 057 275
Adjusted to headline earnings as follows:			
Profit from disposal of subsidiary	-	-	(1 176 165)
Fair value (loss)/gain on investment property	-	-	(886 893)
Recycled foreign currency translation reserve	(11 663)	(131 960)	(755 651)
Profit from disposal of property and equipment	(5 100)	(282 336)	(281 992)
Impairment of property and equipment	-	-	103 037
Tax effect of headline earnings adjustments	-	-	201 843
Total non-controlling effect of adjustments	4 937	55 859	839 683
Headline loss attributable to owners of parent	(5 301 714)	(1 918 947)	(898 863)
All figures in Number	UNAUDITED 6 months ended 30 June 2017	UNAUDITED 6 months ended 30 June 2016	AUDITED Year ended 31 December 2016
6.6 Weighted average number of shares in issue			
Shares at the beginning of the period	863 061 948	863 061 948	863 061 948
Share consolidation*	(776 755 753)	-	-
Treasury shares (post consolidation)#	(10 680 556)	(77 750 000)	(77 750 000)
Shares at the end of the period	75 625 639	785 311 948	785 311 948
Weighted average number of shares for basic earnings per share	75 625 639	785 311 948	785 311 948
Weighted average number of shares for diluted earnings per share	75 625 639	785 311 948	785 311 948

* - In preparation of Brainworks listing on the Johannesburg Stock Exchange, the Directors during the period under review resolved to consolidate the number of shares in issue on the basis of 1 new share for every 10 previously held.

- The treasury shares relates to shares in Brainworks which are held by Brainworks Capital Management (Private) Limited ("BCM"). BCM is a wholly owned subsidiary of the Company. All the treasury shares are held through a nominee company called Adcone Holdings SA ("the nominee").

7 775 000 of the treasury shares arose from a 2015 Group re-organisation exercise which culminated in Brainworks being the ultimate holding company, owning all the issued shares in BCM. BCM had hitherto been the holding company, holding all the issued shares of the Company. To achieve the Group re-organisation, the shareholders of BCM gave up their shares in BCM to Brainworks as consideration, for which in return they received an equivalent number of shares with the same rights in Brainworks.

**NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)****6 EARNINGS PER SHARE (CONTINUED)****6.6 Weighted average number of shares in issue (continued)**

At the time of the Group re-organisation, BCM had 77 750 000 (before 2017 share consolidation) of its own ordinary shares held as treasury shares, which shares were given up to Brainworks. As consideration, BCM was issued with 77 775 000 ordinary shares with a par value of US\$0.0001 each in Brainworks, which shares BCM are holds through the nominee.

2 905 555 of the treasury shares were acquired by BCM in January 2017 from the former Chief Executive Officer, in exchange for a receivable of US\$2 750 000 which was due to BCM, which receivable BCM had impaired in full during the 2015 financial reporting period as prospects of recovery were in significant doubt. The amount was due from Kestrel International Corporation (Private) Limited.

7 SUBSEQUENT EVENTS**7.1 Listing on the Johannesburg Stock Exchange**

Subsequent to the reporting date, Brainworks Limited was listed on the Johannesburg Stock Exchange ("JSE") on 13 October 2017 under the abbreviated name: "Brainwrks", JSE share code: BWZ and ISIN: MU0548S00000.

7.2 Disposal of the Group's 51% in Coporeti Support Services (Private) Limited

On 1 July 2017, the Group disposed of its 51% shareholding in Coporeti Support Services (Private) Limited, t/a GetCash to MyBucks, a Luxembourg company listed on the Frankfurt Stock Exchange. The investment in GetCash had previously been accounted for as an associate notwithstanding the Group's 100% shareholding as it had been concluded that the Group did not have control. The disposal is still subject to approval by the regulatory authorities in Zimbabwe.

8 CONTINGENT LIABILITIES**8.1 Valued added and withholding tax claim against African Sun Limited**

The Zimbabwe Revenue Authority ("ZIMRA") had lodged a claim against African Sun Limited for valued added tax ("VAT") and withholding tax of US\$1.57 million and US\$0.29 million respectively relating to food and beverages sold to foreign guests before the introduction of VAT on all foreign guests revenue and withholding tax on foreign tour operators.

The Ministry of Finance and Economic development indicated that the VAT claim for all hotel operations had been waived and Statutory Instrument 97 of 2017 was issued to give legal effect to the pronouncement.

8.2 Valued added tax claim against Brainworks Capital Management (Private) Limited

The Group has a claim from ZIMRA against BCM for VAT in respect of certain invoices issued by BCM in relation to advisory services allegedly provided as part of the proposed indigenisation programme for the mining sector in the prior years. The mandate was based on a success fee, performance of which was not accepted by the principals and the pro-forma invoices issued by BCM were never paid and cancelled. BCM has obtained legal advice that it is not liable for the VAT claim. The matter is currently sub judice at the Fiscal Tax Court. If BCM is unsuccessful in its defence against the claim, this could result in BCM being required to pay principal VAT amount of US\$3.8 million, together with a penalty of US\$0.8million and interest of US\$1.7 million to ZIMRA.

There were no changes to the other contingencies reported in the financial statement for the year ended 31 December 2016.

9 GOING CONCERN

As at 30 June 2017, the Group's current liabilities exceeded its current assets by US\$16.08 million, with loans contributing a significant portion. The Group intends to raise capital via a share placement and disposal of the existing treasury shares to raise funding for repayment of some of the maturing debt, simultaneously engaging Lenders for debt restructuring. The Group is also considering issuing a convertible loan note. Interest in the convertible instrument has been received from certain investors. The Board is confident that the combined impact of these initiatives would enable the Group to fully discharge its obligations as they fall due.

The Board has thus not identified any events or conditions that individually or collectively cast significant doubt on the ability of the Company and/or the Group to continue as a going concern.

10 BOARD CHANGES

Mr. G Manyere and Mr W. Kambwanji stepped down as the Chief Executive Officer and the Chief Finance Officer of the Company respectively. Mr Manyere and Mr Kambwanji resigned with effect from 31 January 2017 and 31 March 2017 respectively. They are now both non-executive directors. They were replaced by Mr B. Childs and Mr P. Saungweme respectively on the same dates.

11 DIVIDEND

No dividend was declared in respect of the six months ended 30 June 2017.